

Guide to Determining Room and Board Costs

Substitute care facilities are required to develop a rate setting methodology and to provide a breakdown identifying facility room and board costs. To assist in determining room and board amounts and establishing rates in substitute care settings the following list is provided as a general **guide** and should not be construed as a comprehensive listing.

A. Non-waiver Allowable Costs: Room and Board

Medicaid waiver funds may not be used to pay for costs associated with room and board in a substitute care living arrangement. The list below includes examples of costs that are attributable to room and board. To calculate the room and board rate subtract out the total room and board costs from the overall facility rate and divide this total by the number of residents the facility is licensed to serve (capacity).¹

Because room and board cannot be covered with Medicaid waiver funds it is generally paid for with the participant's resources. If the facility room and board costs exceed the participant's available resources another source of funding such as COP², Community Aids, or other funds must be used. Room and board costs must be facility specific.

Items/Costs Related to Room and Board

1. Choose **one** as applicable: Rent, **or** depreciation and mortgage interest
2. Insurance (title, mortgage, property and casualty)
2. Building and/or grounds maintenance costs
3. Resident food
4. Household supplies necessary for the resident room
5. Furnishings used by the resident (does not include office furnishings)
6. Utilities (electricity, water and sewer, heating fuel)
7. Resident telephone
8. Resident cable television

B. Waiver Allowable Costs: Care and Supervision

Substitute care costs related to resident care and supervision services may be paid for with Medicaid waiver funds. The following is a listing of waiver-allowable care and supervision costs.

¹ Note: This methodology should be used for CBRFs and RCACs. It is not recommended for use in determining room and board in adult family homes.

² COP fund may not be used in RCACs.

Items/costs Related to Resident Care and Supervision

1. Salaries³
2. Fringe Benefits (employee health/life insurance, employer contribution to retirement plans)
3. FICA withholding
4. Workers compensation
5. Unemployment compensation
6. Staff travel
7. Resident travel (includes depreciation on facility vehicle, contract transportation services, public transit and mileage payments to staff.)
8. Administrative Overhead includes:
 - Percentage of administrative salaries,
 - Office supplies and furnishings, office telephone,
 - Recruitment,
 - Audit fees,
 - Operating fees/permits/licenses,
 - Data processing,
 - Legal fees
9. Staff/agency liability insurance
10. Staff development/education

Waiver agencies may use the CBRF Model Contract (Attachment 4) or the form entitled Calculating Expenses for a Substitute Care Facility or another methodology to document the breakdown between room and board and care and supervision services costs in the facility. Provider developed forms may also be used as long as the form clearly allocates all of the applicable costs. Facility specific documentation should be maintained at the waiver agency and should be updated at least annually. Participant-specific documentation of substitute care costs should be maintained in the participant record.

³ In certain circumstances a facility staff person's wages and benefits may be apportioned between room and board costs **and** care and supervision costs. For example, an employee may have separate duties that include specified time providing building and grounds maintenance (room and board) **and** specified hours providing resident supports (care and supervision).